

PUBLIC DISCLOSURE

April 23, 2014

**CRA FOR MORTGAGE LENDERS
PERFORMANCE EVALUATION**

**ROUNDPOINT MORTGAGE COMPANY
ML49636**

**5032 PARKWAY PLAZA BLVD.
SUITE 100
CHARLOTTE, NC 28217**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.
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GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00 et seq., Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **RoundPoint Mortgage Company (RoundPointor the mortgage lender)** prepared by the Division, the mortgage lender's supervisory agency, as of **April 23, 2014**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of RoundPoint's:

- (a) origination of loans and other efforts to assist low- and moderate-income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly-situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

CRA examination procedures were used to evaluate RoundPoint's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered RoundPoint's lending and community development activities for the period of January 1, 2012 through December 31, 2013. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2012 and 2013 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Comparative analysis is provided for the mortgage lender's 2012 and 2013 lending performance. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all lenders required to report loan application information pursuant to the Home Mortgage Disclosure Act (HMDA) which originated loans in the Commonwealth of Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Needs to Improve."

- The distribution of borrowers reflects, given the demographics of Massachusetts, a poor record of serving the credit need among individuals of different income levels, including those of low- and moderate-income.
- The geographic distribution of the mortgage lender's loans reflects an adequate dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts.
- RoundPoint offers a limited number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals.
- Fair lending policies and practices are considered adequate.
- RoundPoint had no Community Development Services in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

RoundPoint was granted a mortgage lender license (ML49636) by the Division on February 9, 2012. The mortgage lender's corporate office is located at 5032 Parkway Plaza Boulevard in Charlotte, North Carolina. The mortgage lender also is also licensed in 48 other state.

RoundPoint Financial Group, Inc. is the parent company of the mortgage lender. The mortgage lender's business focuses on the retail origination and underwriting of conventional and FHA/VA loans. RoundPoint offers first and second residential mortgage loans to borrowers with good credit ratings. Reverse mortgages are not offered by the mortgage lender. All underwriting and approvals are processed at the mortgage lender's office in Charlotte, North Carolina. Loans are sold or assigned to secondary market investors on a servicing released basis. All closed loans are funded under the mortgage lender's warehouse line of credit. RoundPoint's residential mortgage lending business is generated through referrals, website advertising and lead generation. RoundPoint is an approved FHA Direct Endorsement lender since July 1, 2009 and an approved VA lender since November 23, 2010.

Demographic Information

The CRA regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.3	17.7	24.4	38.6	0.0
Distribution of Low and Moderate Income Families	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income	\$86,272		Median Housing Value			373,206
Households Below Poverty Level	11.14%		Unemployment Rate			7.0%*
2012 HUD Adjusted Median Family Income	\$87,891		2013 HUD Adjusted Median Family Income			\$84,208

*Source: 2010 US Census *as of 12/31/2013*

Based on the 2010 Census, the Commonwealth's population grew to just over 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census, there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Over 39 percent of the households are now classified as low- and moderate-income. In addition, over 11 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as "families" totaled slightly over 1.6 million. Of all family households, 19.3 percent were low-income, 17.7 percent were moderate-income, 24.4 percent were middle-income, and 38.6 percent were upper-income. The median family income according to the

2010 census was \$86,272. The Housing and Urban Development (HUD) adjusted median family income (MFI) is \$87,891 in 2012 and \$84,208 in 2013. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,474 Census tracts. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are middle-income; 399 or 27.1 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts as of December 31, 2013, stood at 7.0 percent which was an increase from December 31, 2012 at which time it stood at 6.7 percent. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

RoundPoint's Lending Test performance was rated an overall "Needs to Improve." Lending performance is rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of RoundPoint.

I. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the mortgage lender is addressing the credit needs of the Commonwealth's residents.

RoundPoint achieved a less than reasonable record of serving the mortgage credit needs among borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the Commonwealth in each respective income group.

<i>Distribution of HMDA Loans by Borrower Income</i>							
MFI Level	% of Families	2012 RoundPoint		2012 Aggregate Lending Data	2013 RoundPoint		2013 Aggregate Lending Data
		#		(% of #)	#	%	(% of #)
Low	19.3	5	0.8	5.2	8	1.3	5.4
Moderate	17.8	66	10.6	15.7	65	10.7	15.9
Middle	24.4	161	25.9	23.2	157	25.8	22.9
Upper	38.5	386	62.2	42.6	378	62.2	43.7
NA*	0.0	3	0.5	13.3	0	0.0	12.1
Total	100.0	621	100.0	100.0	608	100.0	100.0

Source: 2012 & 2013 HMDA Data and 2010 U.S. Census

As shown in the above table, RoundPoint's 2012 and 2013 lending to low- and moderate-income borrowers was below aggregate lending. During 2012, lending to low-income borrowers at 0.8 percent was well below the aggregate's lending 5.2 percent; lending to moderate-income borrowers at 10.6 percent was also below the aggregate lending at 15.6 percent. When compared to the percentage of families in each respective income group, the mortgage lenders lending to low- and moderate-income borrowers was also below the demographics.

RoundPoint's proportional lending performance to low- and moderate-income borrowers stayed consistent from 2012 to 2013. RoundPoint's performance shows a less than reasonable record of serving the mortgage credit needs of borrowers of different income levels.

II Geographic Distribution

The geographic distribution of loans was reviewed to assess how well RoundPoint is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income census tracts.

RoundPoint's distribution of lending in the Commonwealth when compared to the demographics and aggregate lending data was adequate. The table below shows the distribution of HMDA-reportable loans by census tract income.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>							
Census Tract Income Level	% Total Owner-Occupied Housing Units	2012 RoundPoint		2012 Aggregate Lending Data	2013 RoundPoint		2013 Aggregate Lending Data
		#	%	(% of #)	#	%	(% of #)
Low	2.9	7	1.1	2.1	20	3.3	2.8
Moderate	13.7	42	6.8	10.2	53	8.7	12.3
Middle	48.9	249	40.1	45.1	273	44.9	46.1
Upper	34.5	323	52.0	42.5	262	43.1	38.8
Total	100.0	621	100.0	100.0	608	100.0	100.0

Source 2012 & 2013 HMDA Data and 2010 U.S. Census

The mortgage lender's geographic distribution of loans in low- and moderate-income tracts was below of the distribution of owner-occupied housing units as well as the aggregate's lending data in those tracts during 2012 and 2013. The table above also shows RoundPoint increased the number and percentage of lending in both low- and moderate-income tracts from 2012 to 2013, while still remained below aggregate lending.

Considering these factors, the mortgage lender's geographic distribution of residential real estate loans reflects an adequate distribution throughout its assessment area.

III. Innovative or Flexible Lending Practices

RoundPoint offers a limited number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

RoundPoint is an approved lender for the Federal Housing Administration (FHA) and Veterans Administration (VA) guaranteed mortgage products. FHA loans made up 4.6 percent of the mortgage lender's originations during the examination period and VA loans made up 17 percent.

The FHA products offered by RoundPoint provide competitive interest rates and smaller down payments for low- and moderate-income first-time homebuyers and existing homeowners. During the review period of 2012 to 2013, the mortgage lender closed 57 FHA loans totaling \$16.2 million. Of the 57 FHA loans closed during the examination period, four were originated to low- or moderate-income borrowers and seven benefited moderate-income geographies in the Commonwealth.

The VA Home Loan Guarantee Program is designed specifically for the unique challenges facing service members and their families. The program offers low closing cost, no down payment requirement, and no private mortgage insurance requirement. During 2012 and 2013, RoundPoint originated 21 VA loans totaling \$6.3 million. Of these, six loans were originated to low- and moderate-income level consumers and two benefited a low- and moderate-income census tract.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review. No evidence of disparate treatment was identified.

RoundPoint has established an adequate record relative to fair lending policies and practices. The fair lending policies and procedures apply to all residential mortgage transactions, products types, and geographies.

Fair lending is further enforced through online training courses which all employees including management are required to take. All employees are provided with training in fair lending issues appropriate to their job description and responsibilities. All loans are monitored for compliance, by monthly quality control audits which review samples of loan files pre- and post-closing. There was no fair lending monitoring or testing in place during the review period although all denied loans also receive a secondary review before a final decision is made.

MINORITY APPLICATION FLOW

For 2012 and 2013 RoundPoint received 1761 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 207 or 11.7 percent were received from minority applicants. RoundPoint received 37 or 2.1 percent of HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.8 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.59 percent Hispanic or Latino. Racial minorities consisted of 5.98 percent Black; 5.33 percent Asian/Pacific Islander; 0.16 percent American Indian/Alaskan Native; and 2.81 percent identified as Other Race.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW						
RACE	2012 RoundPoint		2012 Aggregate Data	2013 RoundPoint		2013 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/Alaska Native	0	0.0	0.1	0	0.0	0.2
Asian	82	9.7	4.8	76	8.3	4.8
Black/ African American	6	0.7	1.7	10	1.1	2.4
Hawaiian/Pac Islander	0	0.0	0.1	2	0.2	0.1
2 or more Minority	1	0.1	0.1	0	0.0	0.0
Joint Race (White/Minority)	12	1.4	1.2	18	2.0	1.2
Total Minority	101	11.9	8.0	106	11.6	8.7
White	598	70.4	69.6	589	64.6	69.6
Race Not Available	150	17.7	22.4	217	23.8	21.7
Total	849	100.0	100.0	912	100.0	100.0
ETHNICITY						
Hispanic or Latino	9	1.1	2.1	10	1.1	2.8
Not Hispanic or Latino	680	80.1	74.7	699	76.6	74.7
Joint (Hisp/Lat /Not Hisp/Lat)	7	0.8	0.8	11	1.2	0.9
Ethnicity Not Available	153	18.0	22.4	192	21.1	21.6
Total	849	100.0	100.0	912	100.0	100.0

Source: 2000 U.S. Census Data, 2012 & 2013 HMDA Data

In 2012 and 2013, RoundPoint's performance was above the aggregate's performance for racial minorities and below to ethnic minority applicants. Overall, the minority application flow is considered reasonable.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by RoundPoint by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the mortgage lender was reviewed as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults,

resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

RoundPoint's Service Test performance was determined to be "Needs to Improve" during the evaluation period.

Mortgage Lending Services

RoundPoint provides an adequate level of mortgage lending services to low- and moderate-income geographies and borrowers through home purchase and refinance transactions in Massachusetts. The mortgage lender offers a variety of conventional and government insured mortgage products. RoundPoint generates applications through their retail business. Customers can apply to RoundPoint for a mortgage over the telephone or via the company's website. Presently, RoundPoint does not maintain any active branch offices within Massachusetts; however the Charlotte, North Carolina office does service Massachusetts consumers. Business development relies primarily on the purchase of leads from lead generators and online advertising, as well as referrals and repeat customers. RoundPoint maintains a retail call center, staffed by licensed mortgage originators that respond to inbound and outbound callers from its internet based marketing efforts.

As RoundPoint does not routinely service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review would not include an evaluation of loan mitigation and modification efforts as the mortgage lender would not be accountable for such action. Lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the mortgage lender provides an effective delivery of mortgage lending services throughout the Commonwealth.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services..

At present, RoundPoint is not engaged in any such activity.

Qualified Investments

A Qualified Investment for the purposes of this MLCI evaluation is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The evaluation considers (1) the number of investments and grants, (2) the extent to which

community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

RoundPoint does not currently engage in any qualified community development investments that benefit the Commonwealth of Massachusetts.

Management is encouraged to employ a strong focus and a pro-active commitment in community development activities or investments that meet the definition of community development under the MLCI regulation. Other activities may include, but not necessarily limited to: financial literacy education initiatives targeted to low and moderate-income individuals; and foreclosure prevention counseling and/or providing technical assistance to community organizations in a leadership capacity.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.